

## Message Text

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PAGE 01 ROME 09445 222009Z  
ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02  
OMB-01 DOE-15 /126 W  
-----080782 230418Z /17

R 221850Z MAY 78  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 2988  
INFO AMEMBASSY BRUSSELS  
USMISSION GENEVA  
AMEMBASSY LONDON  
AMEMBASSY PARS

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USEEC

USMTN ALSO FOR MISSION

E.O. 11652 N/A  
TAGS: MTN, ETRD, IT  
SUBJ: SUBSIDY/CVD NEGOTIATIONS: VISIT TO ROME

REF: STATE 121048

1. STR GENERAL COUNSEL RICHARD RIVERS MET WITH RAFFAELE TRIOLI, DIRECTOR GENERAL FOR TRADE AGREEMENTS, MINISTRY OF FOREIGN TRADE, ON MAY 17 AND WITH MINISTER ENRICO MACCHIA, DEPUTY DIRECTOR GENERAL FOR ECONOMIC AFFAIRS, AND ROBERTO NIGIDO, DIRECTOR OF OFFICE VI (TRADE POLICY), BOTH OF MINISTRY OF FOREIGN AFFAIRS, ON MAY 18 TO EXPLAIN FIRST-HAND CURRENT U.S. POSITION IN SUBSIDY/COUNTER-VAILING MEASURES NEGOTIATIONS IN MTN.

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PAGE 02 ROME 09445 222009Z

2. IN EACH MEETING RIVERS REVIEWED NEGOTIATING HISTORY, NOTING SLOW PROGRESS THUS FAR, AND EMPHASIZING IMPORTANCE OF WORKING OUT AGREEMENT ON THIS ISSUE. HE NOTED THAT IT ESSENTIAL THAT GREATER DISCIPLINE BE APPLIED TO SUBSIDIES IF U.S. TO APPLY INJURY TEST TO ITS COUNTERVAILING MEASURES. HE CAREFULLY DESCRIBED, EXPLAINED AND JUSTIFIED EACH ELEMENT OF CURRENT U.S. PAPER ON SUBSIDIES (GIVEN TO EC COMMISSION NEGOTIATOR BEFORE PARIL 22-26 BILATERAL

CONSULTATIONS SESSION IN GENEVA; TRIOLI AND MFA OFFICIALS HAD COPIES OF U.S. PAPER PRESUMABLY PASSED NEGOTIATIONS OR DECISIONS BY VISITING CAPITALS. HE WAS JUST ATTEMPTING TO ASSURE THAT U.S. POSITION WAS THOROUGHLY UNDERSTOOD.

3. TRIOLI WAS CAUTIOUSLY RECEPTIVE TO U.S. TWO-TRACK (INJURY AND NULLIFICATIONS/IMPAIRMENT) APPROACH, EMPHASIZING NONETHELESS THE SENSITIVITY OF THE ISSUES AND THE DIFFICULTIES OF GETTING THE VARIOUS GOI MINISTRIES TO ACCEPT AN AGREEMENT ALONG THE LINES OF U.S. POSITION. HE SUGGESTED THAT BEST PROCEDURE IN THIS NEGOTIATION MIGHT BE TO DIVIDE IT INTO AS MANY SEPARATE SLICES AS POSSIBLE AND DEAL WITH IT A SLICE AT A TIME. HE ASKED WHETHER U.S. EXPECTED CONCLUDE SUBSIDY/COUNTERVAILING MEASURE NEGOTIATION BY JULY 15. RIVERS REPLIED THAT BY THAT TIME A JOINT BUT STILL BRACKETED TEXT SHOULD BE IN HAND. TRIOLI SAID NEXT STEP WAS FOR HIM TO CONSULT WITH HIS EC COLLEAGUES BEFORE UNDERTAKING JOB OF COORDINATING GOI RESPONSE TO U.S. POSITION.

4. MACCHIA, WHO CONFESSED THAT HE WAS NOT FAMILIAR WITH DETAILS OF THE NEGOTIATION, NEVERTHELESS EMPHASIZED MORE THAN TRIOLI THE SENSITIVITY OF DOMESTIC SUBSIDIES. HE ARGUED IN FAVOR OF A GENERAL STATEMENT THAT SUBSIDIES SHOULD NOT HAVE TRADE DISTORTING EFFECTS IN PLACE OF THE GUIDELINES DESIRED BY THE U.S. NIGIDO AND MACCHIA ARGUED THAT IT WAS UNLIKELY AN AGREEMENT COULD BE REACHED IN THE MTN ON SUBSIDIES WHEN EC MEMBER COUNTRIES LIMITED OFFICIAL USE

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PAGE 03 ROME 09445 222009Z

THEMSELVES COULD NOT AGREE ON ACCEPTABLE LEVELS OF NATIONAL SECTTZ AIDS. MACCHIA SAID THE SUBSIDIES ISSUE WAS SIMPLY NOT RIPE FOR NEGOTIATION, THAT IT NEEDED MORE STUDY--PERHAPS IN THE OECD--AND THAT IT SHOULD BE DEALT WITH IN SUBSEQUENT TRADE NEGOTIATIONS. RIVERS AGAIN DESCRIBED THE IMPORTANCE OF THE SUBSIDIES NEGOTIATION TO THE U.S., ESPECIALLY THE CONGRESS, AND THE IMPOSSIBILITY OF ACCEPTING AN INJURY TEST WITHOUT IMPROVING COVERAGE OF SUBSIDIES IN THE GATT. IN RESPONSE TO FURTHER QUESTIONS, HE INDICATED A SIBSIDY/COUNTERVAILING MEASURES AGREEMENT WAS ESENTIAL TO A SUCCESSFUL CONCLUSION OF THE TOKYO ROUND.

5. COMMENT. DESPITE CAUTION AND NEGATIVE REACTION ENCOUNTERED BY RIVERS, WE BELEIVE HIS VISIT TO ROME WAS VERY USEFUL IN CONVEYING TO KEY GOI OFFICIALS CLEAR PICTURE OF CURRENT U.S. POSITION AND GREAT IMPORTANCE U.S. ATTACHES TO IT. ITALIAN RECTION MAY NOT TURN OUT TO BE QUITE AS BLEAK AS IT APPEARED ON THIS OCCASSION AS THERE WERE NUMBER OF INDICATIONS THAT ITALIAN RESPONSES TENDED TO BE ADDRESSED TO FEARS AROUSED IN EARLIER STAGES OF NEGOTIATING PROCESS. MOREOVER, TRIOLI, WHO IS IN PERHAPS BEST POSITION TO INFLUENCE GOI POSITION FAVORABLY, INDICATED HIS PERSONAL ACCEPTANCE OF U.S. CONCEPTS AND HIS

INCLINATION TO WORK FOR AN AGREEMENT.

6. ON MAY 22 EMIN TOOK OCCASION OF CONVERSATIONS ON  
OTHER SUBJECTS TO REVIEW BRIEFLY WITH AMBASSADOR MONDELLO (DG FOR  
ECONOMIC AFFAIRS) AND MINISTER RUGGIERO (COORDINATOR FOR TRADE  
AND EC AFFAIRS) THRUST OF RIVERS' PRESENTATIONS AND TO IMPRESS  
UPON THEM URGENCY OF WORKING TOWARD AGREEMENT ON SUBSIDY  
COUNTERVAIL ISSUE. GARDNER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, VISITS, TRADE AGREEMENTS, MEETING REPORTS, SUBSIDIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 may 1978  
**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
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**TAGS:** ETRD, IT, MTN, (RIVERS, RICHARD), (TRIOLI, RAFFAELE)  
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**Review Markings:**  
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